

Assembly Constitutional Amendment

No. 28

Introduced by Assembly Member Garrick
(Coauthors: Assembly Members Donnelly, Beth Gaines, Grove,
Halderman, Jones, Mansoor, Miller, and Silva)

May 10, 2012

Assembly Constitutional Amendment No. 28—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 9 of Article II, by amending Section 8 of Article III thereof, by amending Sections 3, 4, 7.5, 8, 10, 11, and 12 of Article IV thereof, by amending Sections 1, 2, 3, 6, 8, and 10.5 of, and adding Section 14 to, Article XIII B thereof, by amending Sections 8, 8.5, and 20 of Article XVI thereof, by amending Section 2 of Article XIX B thereof, and by amending Section 4 of Article XXXV thereof, relating to the Legislature.

LEGISLATIVE COUNSEL’S DIGEST

ACA 28, as introduced, Garrick. Legislature: revised biennial sessions and part-time status.

(1) The California Constitution establishes a full-time Legislature. The Constitution authorizes the California Citizens Compensation Commission to determine the annual salary and the medical, dental, insurance, and other similar benefits of state officers, including Members of the Legislature.

This measure would instead provide for a part-time Legislature and set the annual salary for Members of the Legislature at \$24,000, to be adjusted thereafter by the commission consistent with the Consumer Price Index.

(2) The California Constitution requires the Legislature to convene on the first Monday of December of each even-numbered year and adjourn on November 30 of the following even-numbered year.

This measure would set specific time periods in which the Legislature must complete its work. The bill would require the Legislature to organize and swear in its Members on the first Monday of December of each even-numbered year and reconvene not later than January 7 for a duration of not more than 120 consecutive calendar days in odd-numbered years, and not more than 60 consecutive calendar days in even-numbered years. The measure would require that any legislation introduced in an odd-numbered year be passed within the 120-day period and any legislation introduced in an even-numbered year be passed within the 60-day period. The measure would allow the Legislature to convene for an additional 7 consecutive calendar days for the sole purpose of considering bills vetoed by the Governor, and items of appropriation reduced or eliminated by the Governor. The measure would make other conforming changes.

(3) The California Constitution authorizes the Governor, by proclamation, to cause the Legislature to assemble in special session and prohibits the Legislature from legislating on subjects not specified in the proclamation when so assembled.

This measure would limit a special session to 30 days in duration and make other related changes.

(4) The California Constitution authorizes the Governor, following the enactment of the Budget Bill, to issue a proclamation declaring a fiscal emergency if the Governor determines that General Fund revenues will decline substantially below, or that General Fund expenditures will increase substantially above, the estimate of General Fund revenues upon which the Budget Bill, as enacted, was based. The California Constitution provides that if the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature may not act on any other bill until that bill or those bills addressing the fiscal emergency have been passed and sent to the Governor.

This measure would specify that the prohibited actions include acting upon or taking any action on any other bill, including casting a vote on any other bill in either a policy or fiscal committee, or on the floor of the Assembly or Senate.

(5) The California Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal year within the first 10

days of each calendar year and requires the Legislature to pass the Budget Bill by midnight on June 15 of each year.

This measure would instead require the Governor to submit a biennial budget within the first 7 days of each odd-numbered year and require the Legislature to pass the Budget Bill within 120 days, as specified, and would make conforming changes to other provisions of the California Constitution relating to the biennial budget.

This measure would authorize the Governor to propose changes to an enacted biennial state budget when the Legislature is not in session, which changes would become law upon approval by resolution adopted by the Joint Legislative Budget Committee.

(6) The California Constitution requires that travel and living expenses for Members of the Legislature in connection with their official duties be prescribed by statute passed by rollcall vote, $\frac{2}{3}$ of the membership of each house concurring.

This measure would limit these expenses in amount to the per diem rates established by the United States General Services Administration for federal employees.

(7) The California Constitution provides that the aggregate expenditures for the compensation of Members and employees of, and the operating expenses and equipment for, the Legislature may not exceed a specified amount.

This measure would additionally require that the annual budget amounts for a Member of either house be equal to that of other Members of the same house.

(8) The California Constitution provides that no bill may be passed until the bill with amendments has been printed and distributed to the Members.

This measure would instead require that each bill with amendments be distributed to the Members at least 72 hours prior to passage.

(9) The California Constitution provides that the Legislature or either house may by resolution provide for the selection of committees necessary for the conduct of its business.

This measure would require that every political party represented in a house of the Legislature be, to the greatest extent possible, proportionately represented in each legislative committee of that house. The measure would additionally specify membership requirements for the Joint Legislative Budget Committee.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2011–12 Regular
3 Session commencing on the sixth day of December 2010,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended as follows:

7 First—That Section 9 of Article II thereof is amended to read:

8 SEC. 9. (a) The referendum is the power of the electors to
9 approve or reject statutes or parts of statutes except urgency
10 statutes, statutes calling elections, and statutes providing for tax
11 levies or appropriations for usual current expenses of the State.

12 (b) A referendum measure may be proposed by presenting to
13 the Secretary of State, within 90 days after the enactment date of
14 the statute, a petition certified to have been signed by electors
15 equal in number to 5 percent of the votes for all candidates for
16 Governor at the last gubernatorial election, asking that the statute
17 or part of it be submitted to the electors. ~~In the case of a statute~~
18 ~~enacted by a bill passed by the Legislature on or before the date~~
19 ~~the Legislature adjourns for a joint recess to reconvene in the~~
20 ~~second calendar year of the biennium of the legislative session;~~
21 ~~and in the possession of the Governor after that date, the petition~~
22 ~~may not be presented on or after January 1 next following the~~
23 ~~enactment date unless a copy of the petition is submitted to the~~
24 ~~Attorney General pursuant to subdivision (d) of Section 10 of~~
25 ~~Article II before January 1.~~

26 (c) The Secretary of State shall then submit the measure at the
27 next general election held at least 31 days after it qualifies or at a
28 special statewide election held prior to that general election. The
29 Governor may call a special statewide election for the measure.

30 Second—That Section 8 of Article III thereof is amended to
31 read:

32 SEC. 8. (a) The California Citizens Compensation Commission
33 is hereby created and shall consist of seven members appointed
34 by the Governor. The commission shall establish the annual salary
35 and the medical, dental, insurance, and other similar benefits of
36 state officers.

37 (b) The commission shall consist of the following persons:

38 (1) Three public members, one of whom has expertise in the
39 area of compensation, such as an economist, market researcher,
40 or personnel manager; one of whom is a member of a nonprofit

1 public interest organization; and one of whom is representative of
2 the general population and may include, among others, a retiree,
3 homemaker, or person of median income. No person appointed
4 pursuant to this paragraph may, during the 12 months prior to his
5 or her appointment, have held public office, either elective or
6 appointive, have been a candidate for elective public office, or
7 have been a lobbyist, as defined by the Political Reform Act of
8 1974.

9 (2) Two members who have experience in the business
10 community, one of whom is an executive of a corporation
11 incorporated in this State which ranks among the largest private
12 sector employers in the State based on the number of employees
13 employed by the corporation in this State and one of whom is an
14 owner of a small business in this State.

15 (3) Two members, each of whom is an officer or member of a
16 labor organization.

17 (c) The Governor shall strive insofar as practicable to provide
18 a balanced representation of the geographic, gender, racial, and
19 ethnic diversity of the State in appointing commission members.

20 (d) The Governor shall appoint commission members and
21 designate a chairperson for the commission not later than 30 days
22 after the effective date of this section. The terms of two of the
23 initial appointees shall expire on December 31, 1992, two on
24 December 31, 1994, and three on December 31, 1996, as
25 determined by the Governor. Thereafter, the term of each member
26 shall be six years. Within 15 days of any vacancy, the Governor
27 shall appoint a person to serve the unexpired portion of the term.

28 (e) No current or former officer or employee of this State is
29 eligible for appointment to the commission.

30 (f) Public notice shall be given of all meetings of the
31 commission, and the meetings shall be open to the public.

32 (g) On or before December 3, 1990, the commission shall, by
33 a single resolution adopted by a majority of the membership of
34 the commission, establish the annual salary and the medical, dental,
35 insurance, and other similar benefits of state officers. The annual
36 salary and benefits specified in that resolution shall be effective
37 on and after December 3, 1990.

38 Thereafter, at or before the end of each fiscal year, the
39 commission shall, by a resolution adopted by a majority of the
40 membership of the commission, adjust the medical, dental,

1 insurance, and other similar benefits of state officers. The benefits
2 specified in the resolution shall be effective on and after the first
3 Monday of the next December.

4 Thereafter, at or before the end of each fiscal year, the
5 commission shall adjust the annual salary of state officers by a
6 resolution adopted by a majority of the membership of the
7 commission. *The annual salary of Members of the Legislature*
8 *shall be determined pursuant to subdivision (m).* The annual salary
9 specified in the resolution shall be effective on and after the first
10 Monday of the next December, except that a resolution shall not
11 be adopted or take effect in any year that increases the annual
12 salary of any state officer if, on or before the immediately
13 preceding June 1, the Director of Finance certifies to the
14 commission, based on estimates for the current fiscal year, that
15 there will be a negative balance on June 30 of the current fiscal
16 year in the Special Fund for Economic Uncertainties in an amount
17 equal to, or greater than, 1 percent of estimated General Fund
18 revenues.

19 (h) In establishing or adjusting the annual salary of *state officers*
20 *other than Members of the Legislature* and the medical, dental,
21 insurance, and other similar benefits of *all state officers*, the
22 commission shall consider all of the following:

23 (1) The amount of time directly or indirectly related to the
24 performance of the duties, functions, and services of a state officer.

25 (2) The amount of the annual salary and the medical, dental,
26 insurance, and other similar benefits for other elected and appointed
27 officers and officials in this State with comparable responsibilities,
28 the judiciary, and, to the extent practicable, the private sector,
29 recognizing, however, that state officers do not receive, and do
30 not expect to receive, compensation at the same levels as
31 individuals in the private sector with comparable experience and
32 responsibilities.

33 (3) The responsibility and scope of authority of the entity in
34 which the state officer serves.

35 (4) Whether the Director of Finance estimates that there will be
36 a negative balance in the Special Fund for Economic Uncertainties
37 in an amount equal to or greater than 1 percent of estimated General
38 Fund revenues in the current fiscal year.

39 (i) Until a resolution establishing or adjusting the annual salary
40 and the medical, dental, insurance, and other similar benefits for

1 state officers takes effect, each state officer shall continue to receive
2 the same annual salary and the medical, dental, insurance, and
3 other similar benefits received previously.

4 (j) All commission members shall receive their actual and
5 necessary expenses, including travel expenses, incurred in the
6 performance of their duties. Each member shall be compensated
7 at the same rate as members, other than the chairperson, of the
8 Fair Political Practices Commission, or its successor, for each day
9 engaged in official duties, not to exceed 45 days per year.

10 (k) It is the intent of the Legislature that the creation of the
11 commission should not generate new state costs for staff and
12 services. The Department of Personnel Administration, the Board
13 of Administration of the Public Employees' Retirement System,
14 or other appropriate agencies, or their successors, shall furnish,
15 from existing resources, staff and services to the commission as
16 needed for the performance of its duties.

17 (l) "State officer," as used in this section, means the Governor,
18 Lieutenant Governor, Attorney General, Controller, Insurance
19 Commissioner, Secretary of State, Superintendent of Public
20 Instruction, Treasurer, member of the State Board of Equalization,
21 and Member of the Legislature.

22 (m) *The annual salary of each Member of the Legislature shall*
23 *be twenty-four thousand dollars (\$24,000) commencing the first*
24 *Monday of December 2012, and shall thereafter be adjusted*
25 *annually by the commission to reflect changes in the Consumer*
26 *Price Index calculated by the Federal Bureau of Labor Statistics*
27 *or its successor.*

28 Third—That Section 3 of Article IV thereof is amended to read:

29 SEC. 3. (a) The Legislature shall convene in regular session
30 at noon on the first Monday in December of each even-numbered
31 year *for the sole purpose of organizing and swearing in Members*
32 *and each house shall immediately organize and swear in its*
33 *Members.* Each session of the Legislature shall adjourn sine die
34 by operation of the Constitution at midnight on November 30 of
35 the following even-numbered year.

36 (b) (1) *After the Legislature has organized, each house shall*
37 *reconvene no later than January 7 of the following odd-numbered*
38 *year for a duration of not more than 120 consecutive calendar*
39 *days.*

(2) *The Legislature shall reconvene in the following even-numbered year, no later than January 7, for a duration of not more than 60 consecutive calendar days.*

(3) *Notwithstanding paragraphs (1) and (2), the Legislature may convene each year for an additional seven consecutive calendar days for the sole purpose of reconsidering, and acting upon, bills vetoed by the Governor or items of appropriation reduced or eliminated by the Governor.*

~~(b)~~

(c) (1) *On extraordinary occasions the Governor by proclamation may cause the Legislature to assemble in special session. When so assembled it has power to legislate only on subjects specified in the proclamation but may provide for expenses and other matters incidental to the session.*

(2) *No special session assembled pursuant to this subdivision may exceed 30 days in duration, after which time the special session is dissolved and no subsequent action of the Legislature respecting that special session shall have any force or effect.*

(3) *The Legislature may convene for no more than three additional consecutive days for the sole purpose of voting to override a veto of a measure passed in a special session, but may take no other action or pass any other measure when reconvened.*

(4) *Neither the Chief Clerk of the Assembly nor the Secretary of the Senate shall accept for introduction any measure in a special session that does not address a subject specified in the proclamation.*

Fourth—That Section 4 of Article IV thereof is amended to read:

SEC. 4. (a) To eliminate any appearance of a conflict with the proper discharge of his or her duties and responsibilities, no Member of the Legislature may knowingly receive any salary, wages, commissions, or other similar earned income from a lobbyist or lobbying firm, as defined by the Political Reform Act of 1974, or from a person who, during the previous 12 months, has been under a contract with the Legislature. The Legislature shall enact laws that define earned income. However, earned income does not include any community property interest in the income of a spouse. Any Member who knowingly receives any salary, wages, commissions, or other similar earned income from a lobbyist employer, as defined by the Political Reform Act of

1 1974, may not, for a period of one year following its receipt, vote
2 upon or make, participate in making, or in any way attempt to use
3 his or her official position to influence an action or decision before
4 the Legislature, other than an action or decision involving a bill
5 described in subdivision (c) of Section 12 ~~of this article~~, which he
6 or she knows, or has reason to know, would have a direct and
7 significant financial impact on the lobbyist employer and would
8 not impact the public generally or a significant segment of the
9 public in a similar manner. As used in this subdivision, “public
10 generally” includes an industry, trade, or profession.

11 (b) Travel and living expenses for Members of the Legislature
12 in connection with their official duties shall be prescribed by statute
13 passed by rollcall vote entered in the journal, two-thirds of the
14 membership of each house concurring, *except that the amount*
15 *shall not exceed the per diem rates established for federal*
16 *employees by the United States General Services Administration.*
17 A Member may not receive travel and living expenses during the
18 times that the Legislature is in recess for more than three calendar
19 days, unless the Member is traveling to or from, or is in attendance
20 at, any meeting of a committee of which he or she is a member,
21 or a meeting, conference, or other legislative function or
22 responsibility as authorized by the rules of the house of which he
23 or she is a member, which is held at a location at least 20 miles
24 from his or her place of residence.

25 (c) The Legislature may not provide retirement benefits based
26 on any portion of a monthly salary in excess of five hundred dollars
27 (\$500) paid to any Member of the Legislature unless the Member
28 receives the greater amount while serving as a Member in the
29 Legislature. The Legislature may, prior to their retirement, limit
30 the retirement benefits payable to Members of the Legislature who
31 serve during or after the term commencing in 1967.

32 When computing the retirement allowance of a Member who
33 serves in the Legislature during the term commencing in 1967 or
34 later, allowance may be made for increases in cost of living if so
35 provided by statute, but only with respect to increases in the cost
36 of living occurring after retirement of the Member. However, the
37 Legislature may provide that no Member shall be deprived of a
38 cost of living adjustment based on a monthly salary of five hundred
39 dollars (\$500) which has accrued prior to the commencement of
40 the 1967 Regular Session of the Legislature.

1 Fifth—That Section 7.5 of Article IV thereof is amended to
2 read:

3 SEC. 7.5. (a) In the 1991–92 fiscal year—~~immediately~~
4 ~~following the adoption of this Act~~, the total aggregate expenditures
5 of the Legislature for the compensation of ~~members~~ *Members* and
6 employees of, and the operating expenses and equipment for, the
7 Legislature may not exceed an amount equal to nine hundred fifty
8 thousand dollars (\$950,000) per ~~member~~ *Member* for that fiscal
9 year or 80 percent of the amount of money expended for those
10 purposes in the preceding fiscal year, whichever is less. For each
11 fiscal year thereafter, the total aggregate expenditures may not
12 exceed an amount equal to that expended for those purposes in the
13 preceding fiscal year, adjusted and compounded by an amount
14 equal to the percentage increase in the appropriations limit for the
15 State established pursuant to Article XIII B.

16 (b) *Each Assembly Member shall be accorded an annual budget*
17 *amount equal to the annual budget amount of all other Members*
18 *of the Assembly. Each Senator shall be accorded an annual budget*
19 *amount equal to the annual budget amount of all other Senators.*

20 Sixth—That Section 8 of Article IV thereof is amended to read:

21 SEC. 8. (a) At regular sessions no bill, other than the budget
22 bill, may be heard or acted on by committee or either house until
23 the 31st day after the bill is introduced unless the house dispenses
24 with this requirement by rollcall vote entered in the journal, ~~three~~
25 ~~fourths~~ *three-fourths* of the membership concurring.

26 (b) The Legislature may make no law except by statute and may
27 enact no statute except by bill. No bill may be passed unless it is
28 read by title on ~~3~~ *three* days in each house except that the house
29 may dispense with this requirement by rollcall vote entered in the
30 journal, ~~two-thirds~~ *two-thirds* of the membership concurring. No
31 bill may be passed until the bill with amendments has been ~~printed~~
32 ~~and distributed to the members~~ *Members at least 72 hours prior*
33 *to passage*. No bill may be passed unless, by rollcall vote entered
34 in the journal, a majority of the membership of each house concurs.

35 (c) (1) Except as provided in ~~paragraphs~~ *paragraph (2) and (3)*
36 ~~of this subdivision~~, a statute enacted at a regular session shall go
37 into effect on January 1 next following a 90-day period from the
38 date of enactment of the statute and a statute enacted at a special
39 session shall go into effect on the 91st day after adjournment of
40 the special session at which the bill was passed.

~~(2) A statute, other than a statute establishing or changing boundaries of any legislative, congressional, or other election district, enacted by a bill passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, shall go into effect on January 1 next following the enactment date of the statute unless, before January 1, a copy of a referendum petition affecting the statute is submitted to the Attorney General pursuant to subdivision (d) of Section 10 of Article II, in which event the statute shall go into effect on the 91st day after the enactment date unless the petition has been presented to the Secretary of State pursuant to subdivision (b) of Section 9 of Article II.~~

~~(3)~~

(2) Statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes shall go into effect immediately upon their enactment.

(d) Urgency statutes are those necessary for immediate preservation of the public peace, health, or safety. A statement of facts constituting the necessity shall be set forth in one section of the bill. In each house the section and the bill shall be passed separately, each by rollcall vote entered in the journal, ~~two-thirds~~ *two-thirds* of the membership concurring. An urgency statute may not create or abolish any office or change the salary, term, or duties of any office, or grant any franchise or special privilege, or create any vested right or interest.

Seventh—That Section 10 of Article IV thereof is amended to read:

SEC. 10. (a) Each bill passed by the Legislature shall be presented to the Governor. It becomes a statute if it is signed by the Governor. The Governor may veto it by returning it with any objections to the house of origin, which shall enter the objections in the journal and proceed to reconsider it. If each house then passes the bill by rollcall vote entered in the journal, two-thirds of the membership concurring, it becomes a statute.

~~(b) (1) Any bill, other than a bill which would establish or change boundaries of any legislative, congressional, or other election district, passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the~~

~~1 second calendar year of the biennium of the legislative session;
2 and in the possession of the Governor after that date, that is not
3 returned within 30 days after that date becomes a statute.~~

~~4 (2)~~

~~5 (b) (1) Any bill passed by the Legislature in the first calendar
6 year of the biennium on or before September 1 of the second
7 calendar year of the biennium of the legislative session the 120th
8 day of the period specified in paragraph (1) of subdivision (b) of
9 Section 3 and in the possession of the Governor on or after
10 September 1 that day, or passed in the second calendar year of
11 the biennium on or before the 60th day of the period specified in
12 paragraph (2) of subdivision (b) of Section 3 and in the possession
13 of the Governor on or after that day, that is not returned on or
14 before September 30 of that year within 30 calendar days becomes
15 a statute.~~

~~16 (3)~~

~~17 (2) Any other bill presented to the Governor that is not returned
18 within 12 days becomes a statute.~~

~~19 (4)~~

~~20 (3) If the Legislature by adjournment of a special session
21 prevents the return of a bill with the veto message, the bill becomes
22 a statute unless the Governor vetoes the bill within 12 days after
23 it is presented by depositing it and the veto message in the office
24 of the Secretary of State.~~

~~25 (5)~~

~~26 (4) If the 12th day of the period within which the Governor is
27 required to perform an act pursuant to paragraph (2) or (3) or (4)
28 of this subdivision is a Saturday, Sunday, or holiday, the period is
29 extended to the next day that is not a Saturday, Sunday, or holiday.~~

~~30 (e) Any bill introduced during the first year of the biennium of
31 the legislative session that has not been passed by the house of
32 origin by January 31 of the second calendar year of the biennium
33 may no longer be acted on by the house. No bill may be passed
34 by either house on or after September 1 of an even-numbered year
35 except statutes calling elections, statutes providing for tax levies
36 or appropriations for the usual current expenses of the State, and
37 urgency statutes, and bills passed after being vetoed by the
38 Governor.~~

~~39 (d)~~

1 (c) The Legislature ~~may~~ shall not present to the Governor any
2 bill to the Governor passed in regular session in the first calendar
3 year of the biennium after November 15 of the second calendar
4 year of the biennium of the legislative session the 120th day of the
5 period specified in paragraph (1) of subdivision (b) of Section 3,
6 or any bill passed in regular session in the second calendar year
7 of the biennium after the 60th day of the period specified in
8 paragraph (2) of subdivision (b) of Section 3.

9 (e)

10 (d) The Governor may reduce or eliminate one or more items
11 of appropriation while approving other portions of a bill. The
12 Governor shall append to the bill a statement of the items reduced
13 or eliminated with the reasons for the action. The Governor shall
14 transmit to the house originating the bill a copy of the statement
15 and reasons. Items reduced or eliminated shall be separately
16 reconsidered and may be passed over the Governor's veto in the
17 same manner as bills.

18 (f)

19 (e) (1) If, following the enactment of the budget bill for the
20 2004–05 fiscal year, or any subsequent fiscal year *or two-year*
21 *fiscal period*, the Governor determines that, for that fiscal year *or*
22 *fiscal period, as applicable*, General Fund revenues will decline
23 substantially below the estimate of General Fund revenues upon
24 which the budget bill for that fiscal year *or fiscal period, as*
25 *applicable*, as enacted, was based, or General Fund expenditures
26 will increase substantially above that estimate of General Fund
27 revenues, or both, the Governor may issue a proclamation declaring
28 a fiscal emergency and shall thereupon cause the Legislature to
29 assemble in special session for this purpose. The proclamation
30 shall identify the nature of the fiscal emergency and shall be
31 submitted by the Governor to the Legislature, accompanied by
32 proposed legislation to address the fiscal emergency.

33 (2) If the Legislature fails to pass and send to the Governor a
34 bill or bills to address the fiscal emergency by the 45th day
35 following the issuance of the proclamation, the Legislature may
36 not act *upon or take any action* on any other bill, *including casting*
37 *a vote on any other bill in a policy or fiscal committee, or on the*
38 *floor of the Assembly or Senate*, nor may the Legislature adjourn
39 for a joint recess, until that bill or those bills have been passed and
40 sent to the Governor.

1 (3) A bill addressing the fiscal emergency declared pursuant to
2 this section shall contain a statement to that effect.

3 Eighth—That Section 11 of Article IV thereof is amended to
4 read:

5 SEC. 11. (a) The Legislature or either house may by resolution
6 provide for the selection of committees necessary for the conduct
7 of its business, including committees to ascertain facts and make
8 recommendations to the Legislature on a subject within the scope
9 of legislative control.

10 (b) *Each political party represented in each house shall, to the*
11 *greatest extent possible, be proportionately represented in each*
12 *legislative committee of that house.*

13 (c) (1) *The Joint Legislative Budget Committee is established*
14 *to ascertain facts and make recommendations to the Legislature*
15 *and the houses thereof concerning the state budget, the revenues*
16 *and expenditures of the State, and the organization and functions*
17 *of the State and its departments, subdivisions, and agencies.*

18 (2) *The membership of the Joint Legislative Budget Committee*
19 *shall be as follows:*

20 (A) *Chairperson of the Assembly Committee on Budget,*
21 *appointed by the Speaker of the Assembly.*

22 (B) *Vice-Chairperson of the Assembly Committee on Budget,*
23 *appointed by the Assembly Minority Leader.*

24 (C) *Four Assembly Members appointed by the Speaker of the*
25 *Assembly.*

26 (D) *Two Assembly Members appointed by the Assembly Minority*
27 *Leader.*

28 (E) *Chairperson of the Senate Committee on Budget and Fiscal*
29 *Review, appointed by the President pro Tempore of the Senate.*

30 (F) *Vice-Chairperson of the Senate Committee on Budget and*
31 *Fiscal Review, appointed by the Senate Minority Leader.*

32 (G) *Four Senators appointed by the President pro Tempore of*
33 *the Senate.*

34 (H) *Two Senators appointed by the Senate Minority Leader.*

35 (3) *In addition to the advisory duties set forth in paragraph (1),*
36 *the Joint Legislative Budget Committee may, by resolution, approve*
37 *any changes proposed by the Governor pursuant to paragraph (5)*
38 *of subdivision (c) of Section 12 to the enacted biennial budget bill.*
39 *Notwithstanding any other provision of this Constitution, any*

1 *changes to the enacted biennial budget bill thus approved shall*
2 *take immediate effect as a statute.*

3 Ninth—That Section 12 of Article IV thereof is amended to
4 read:

5 SEC. 12. (a) Within the first ~~10~~ *seven* days of each ~~calendar~~
6 *odd-numbered* year, the Governor shall submit to the Legislature,
7 with an explanatory message, a budget for the ~~ensuing next~~
8 *two-year fiscal-year period commencing on July 1*, containing
9 itemized statements for recommended state expenditures and
10 estimated state revenues. If recommended expenditures exceed
11 estimated revenues, the Governor shall recommend the sources
12 from which the additional revenues should be provided.

13 (b) The Governor and the Governor-elect may require a state
14 agency, officer, or employee to furnish whatever information is
15 deemed necessary to prepare the budget.

16 (c) (1) The budget shall be accompanied by a budget bill
17 itemizing recommended expenditures.

18 (2) The budget bill shall be introduced immediately in each
19 house by the persons chairing the committees that consider the
20 budget.

21 (3) The Legislature shall pass the budget bill by midnight on
22 ~~June 15 of each year~~ *the last day of the 120-day period specified*
23 *in paragraph (1) of subdivision (b) of Section 3.*

24 (4) Until the budget bill has been enacted, the Legislature shall
25 not send to the Governor for consideration any bill appropriating
26 funds for expenditure during the ~~fiscal-year period~~ for which the
27 budget bill is to be enacted, except emergency bills recommended
28 by the Governor or appropriations for the salaries and expenses
29 of the Legislature.

30 (5) *When the Legislature is not in session, the Governor may*
31 *propose to the Legislature reductions to appropriations made in*
32 *an enacted biennial budget bill.*

33 (d) No bill except the budget bill may contain more than one
34 item of appropriation, and that for one certain, expressed purpose.
35 Appropriations from the General Fund of the State, except
36 appropriations for the public schools and appropriations in the
37 budget bill and in other bills providing for appropriations related
38 to the budget bill, are void unless passed in each house by rollcall
39 vote entered in the journal, two-thirds of the membership
40 concurring.

(e) (1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, “other bills providing for appropriations related to the budget bill” shall consist only of bills *passed in the first year of the biennium that are identified as related to the budget in the budget bill passed by the Legislature.*

(f) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

~~(g) For the 2004–05 fiscal year, or any subsequent fiscal year, the~~ The Legislature ~~may~~ shall not send to the Governor for consideration, ~~nor may~~ and the Governor *shall not* sign into law, a budget bill that would appropriate from the General Fund, for ~~that the two-year fiscal-year period addressed by that budget bill,~~ a total amount that, when combined with all appropriations from the General Fund for ~~that the fiscal-year period~~ made as of the date of the budget bill’s passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that ~~fiscal-year period~~ pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that ~~fiscal-year period~~ estimated as of the date of the budget bill’s passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

(h) Notwithstanding any other provision of law or of this Constitution, including subdivision (c) of this section, Section 4 of this article, and Sections 4 and 8 of Article III, in any *odd-numbered* year in which the budget bill is not passed by the Legislature by midnight on ~~June 15 the last day of the 120-day period specified in paragraph (1) of subdivision (b) of Section 3,~~ there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on ~~June 15 the last~~

day of the 120-day period specified in paragraph (1) of subdivision (b) of Section 3 until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

Tenth—That Section 1 of Article XIII B thereof is amended to read:

SEC. 1. (a) The total ~~annual~~ appropriations subject to limitation of the State ~~and of each local government for each two-year fiscal period~~ shall not exceed the appropriations limit of the ~~entity of government~~ State for the prior ~~year~~ two-year fiscal period adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.

(b) The total annual appropriations subject to limitation of each local government for each fiscal year shall not exceed the appropriations limit of the local government for the prior fiscal year adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.

(c) The amendments to this section made by the measure that added this subdivision shall take effect on July 1, 2013, and shall apply to fiscal periods commencing on or after July 1, 2013.

Eleventh—That Section 2 of Article XIII B thereof is amended to read:

SEC. 2. (a) (1) Fifty percent of all revenues received by the State in a fiscal year ~~and in the fiscal year immediately following it~~ two-year fiscal period in excess of the amount ~~which that~~ may be appropriated by the State in compliance with this article during that fiscal year ~~and the fiscal year immediately following it~~ period shall be transferred and allocated, from a fund established for that purpose, pursuant to Section 8.5 of Article XVI.

(2) Fifty percent of all revenues received by the State in a fiscal year ~~and in the fiscal year immediately following it~~ two-year fiscal period in excess of the amount ~~which that~~ may be appropriated by the State in compliance with this article during that fiscal year ~~and the fiscal year immediately following it~~ period shall be returned by a revision of tax rates or fee schedules within the ~~next two~~ subsequent fiscal-years period.

(b) All revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it in excess of the amount ~~which that~~ may be

1 appropriated by the entity in compliance with this article during
2 that fiscal year and the fiscal year immediately following it shall
3 be returned by a revision of tax rates or fee schedules within the
4 next two subsequent fiscal years.

5 (c) *The amendments to this section made by the measure that*
6 *added this subdivision shall take effect July 1, 2013, and shall*
7 *apply to fiscal periods commencing on or after July 1, 2013.*

8 Twelfth—That Section 3 of Article XIII B thereof is amended
9 to read:

10 SEC. 3. The appropriations limit for any ~~fiscal year~~ *two-year*
11 *fiscal period, in the case of the State, or for any fiscal year, in the*
12 *case of an entity of government other than the State, pursuant to*
13 ~~See Section 1~~ shall be adjusted as follows:

14 (a) ~~In the event that~~ *If* the financial responsibility of providing
15 services is transferred, in whole or in part, whether by annexation,
16 incorporation, or otherwise, from one entity of government to
17 another, then for the *fiscal period or fiscal year* in which ~~such the~~
18 transfer becomes effective, the appropriations limit of the transferee
19 entity shall be increased by such reasonable amount as the ~~said~~
20 *affected* entities shall mutually agree to and the appropriations
21 limit of the transferor entity shall be decreased by the same amount.

22 (b) ~~In the event that~~ *If* the financial responsibility of providing
23 services is transferred, in whole or in part, from an entity of
24 government to a private entity, or the financial source for the
25 provision of services is transferred, in whole or in part, from other
26 revenues of an entity of government; to regulatory licenses, user
27 charges, or user fees, then, for the *fiscal period or fiscal year* of
28 ~~such that~~ transfer, the appropriations limit of ~~such the~~ *affected*
29 entity of government shall be decreased accordingly.

30 (c) (1) ~~In the event~~ *If* an emergency is declared by the legislative
31 body of an entity of government, the appropriations limit of the
32 affected entity of government may be exceeded, provided that the
33 appropriations limits in the following ~~three years~~ *two fiscal periods,*
34 *in the case of the State, or three fiscal years, in the case of local*
35 *government, are reduced accordingly to prevent an aggregate*
36 *increase in appropriations resulting from the emergency.*

37 (2) ~~In the event~~ *If* an emergency is declared by the Governor,
38 appropriations approved by a two-thirds vote of the legislative
39 body of an affected entity of government to an emergency account
40 for expenditures relating to that emergency shall *not* constitute

appropriations subject to limitation. As used in this paragraph, “emergency” means the existence, as declared by the Governor, of conditions of disaster or of extreme peril to the safety of persons and property within the State, or parts thereof, caused by such conditions as attack or probable or imminent attack by an enemy of the United States, fire, flood, drought, storm, civil disorder, earthquake, or volcanic eruption.

(d) The amendments to this section made by the measure that added this subdivision shall take effect July 1, 2013, and shall apply to fiscal periods commencing on or after July 1, 2013.

Thirteenth—That Section 6 of Article XIII B thereof is amended to read:

SEC. 6. (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates:

(1) Legislative mandates requested by the local agency affected.
(2) Legislation defining a new crime or changing an existing definition of a crime.

(3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) (1) Except as provided in paragraph (2), for the 2005–06 fiscal year *and every subsequent fiscal year through the 2012–13 fiscal year; and for the 2013–15 fiscal period* and every subsequent ~~two-year~~ *fiscal year period*, for a mandate for which the costs of a local government claimant have been determined in a preceding fiscal year *or fiscal period, as applicable*, to be payable by the State pursuant to law, the Legislature shall either appropriate, in ~~the annual Budget Act~~ *budget act*, the full payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year *or fiscal period* for which the ~~annual Budget Act~~ *budget act* is applicable in a manner prescribed by law.

(2) Payable claims for costs incurred prior to the 2004–05 fiscal year that have not been paid prior to the 2005–06 fiscal year may be paid over a term of years, as prescribed by law.

1 (3) Ad valorem property tax revenues shall not be used to
2 reimburse a local government for the costs of a new program or
3 higher level of service.

4 (4) This subdivision applies to a mandate only as it affects a
5 city, county, city and county, or special district.

6 (5) This subdivision shall not apply to a requirement to provide
7 or recognize any procedural or substantive protection, right, benefit,
8 or employment status of any local government employee or retiree,
9 or of any local government employee organization, that arises
10 from, affects, or directly relates to future, current, or past local
11 government employment and that constitutes a mandate subject
12 to this section.

13 (c) A mandated new program or higher level of service includes
14 a transfer by the Legislature from the State to cities, counties, cities
15 and counties, or special districts of complete or partial financial
16 responsibility for a required program for which the State previously
17 had complete or partial financial responsibility.

18 Fourteenth—That Section 8 of Article XIII B thereof is amended
19 to read:

20 SEC. 8. As used in this article and except as otherwise
21 expressly provided herein:

22 (a) “Appropriations subject to limitation” of the State means
23 any authorization to expend during a ~~fiscal year~~ *two-year fiscal*
24 *period* the proceeds of taxes levied by or for the State, exclusive
25 of state subventions for the use and operation of local government
26 ~~(other, other~~ than subventions made pursuant to Section-6) 6, and
27 further exclusive of refunds of taxes, benefit payments from
28 retirement, unemployment insurance, and disability insurance
29 funds.

30 (b) “Appropriations subject to limitation” of an entity of local
31 government means any authorization to expend during a fiscal
32 year the proceeds of taxes levied by or for that entity and the
33 proceeds of state subventions to that entity ~~(other, other~~ than
34 subventions made pursuant to Section-6) 6, exclusive of refunds
35 of taxes.

36 (c) “Proceeds of taxes” ~~shall include~~ *includes*, but ~~not be~~ *is not*
37 restricted to, all tax revenues and the proceeds to an entity of
38 government; from (1) regulatory licenses, user charges, and user
39 fees to the extent that those proceeds exceed the costs reasonably
40 borne by that entity in providing the regulation, product, or service,

1 and (2) the investment of tax revenues. With respect to any local
2 government, “proceeds of taxes” ~~shall include~~ *includes* subventions
3 received from the State, other than pursuant to Section 6, and, with
4 respect to the State, ~~proceeds of taxes shall exclude such~~ “*proceeds*
5 *of taxes*” *excludes these* subventions.

6 (d) “Local government” means any city, county, city and county,
7 school district, special district, authority, or other political
8 subdivision of or within the State.

9 (e) (1) “Change in the cost of living” for the State, a school
10 district, or a community college district means the percentage
11 change in California per capita personal income from the preceding
12 ~~year~~ *two-year fiscal period, in the case of the State, or the*
13 *preceding fiscal year, in the case of a school district or community*
14 *college district.*

15 (2) “Change in the cost of living” for an entity of local
16 government, other than a school district or a community college
17 district, shall be either (A) the percentage change in California per
18 capita personal income from the preceding year, or (B) the
19 percentage change in the local assessment roll from the preceding
20 year for the jurisdiction due to the addition of local nonresidential
21 new construction. Each entity of local government shall select its
22 change in the cost of living pursuant to this paragraph annually by
23 a recorded vote of the entity’s governing body.

24 (f) “Change in population” of any entity of government, other
25 than the State, a school district, or a community college district,
26 shall be determined by a method prescribed by the ~~Legislature.~~

27 ~~“Change Legislature. “Change in population” of a school district~~
28 ~~or a community college district shall be~~ *means* the percentage
29 change in the average daily attendance of the school district or *the*
30 *number of full-time equivalent students of the* community college
31 district from the preceding fiscal year, as determined by a method
32 prescribed by the ~~Legislature.~~

33 ~~“Change Legislature. “Change in population” of the State shall~~
34 be determined by adding (1) the percentage change in the State’s
35 population multiplied by the percentage of the State’s budget in
36 the ~~prior fiscal year~~ *two-year fiscal period* that is expended for
37 other than educational purposes for kindergarten and grades one
38 to 12, inclusive, and the community colleges, and (2) the
39 percentage change in the total statewide average daily attendance
40 in kindergarten and grades one to 12, inclusive, and the *number*

1 *of full-time equivalent students of the* community colleges,
2 multiplied by the percentage of the State's budget in the prior ~~fiscal~~
3 ~~year~~ *two-year fiscal period* that is expended for educational
4 purposes for kindergarten and grades one to 12, inclusive, and the
5 community colleges.

6 ~~Any colleges.~~ Any determination of population pursuant to this
7 subdivision, other than that measured by average daily attendance
8 *or the number of full-time equivalent students*, shall be revised, as
9 necessary, to reflect the periodic census conducted by the United
10 States Department of Commerce, or successor department.

11 (g) "Debt service" means appropriations required to pay the
12 cost of interest and redemption charges, including the funding of
13 any reserve or sinking fund required in connection therewith, on
14 indebtedness existing or legally authorized as of January 1, 1979,
15 or on bonded indebtedness thereafter approved according to law
16 by a vote of the electors of the issuing entity voting in an election
17 for that purpose.

18 (h) The "appropriations limit" of each entity of government for
19 each fiscal year *or fiscal period, as applicable*, is that amount
20 ~~which~~ *that* total annual appropriations subject to limitation may
21 not exceed under Sections 1 and 3. However, the "appropriations
22 limit" of each entity of government for *the 1978–79* fiscal year
23 ~~1978–79~~ is the total of the appropriations subject to limitation of
24 the entity for that fiscal year. For *the 1978–79* fiscal year ~~1978–79~~,
25 state subventions to local governments, exclusive of federal grants,
26 are deemed to have been derived from the proceeds of state taxes.

27 (i) Except as otherwise provided in Section 5, "appropriations
28 subject to limitation" do not include local agency loan funds or
29 indebtedness funds, *or investment* ~~(or, or authorizations to invest)~~
30 *invest*, funds of the State, or of an entity of local government in
31 accounts at banks or savings and loan associations or in liquid
32 securities.

33 (j) *The amendments to this section made by the measure that*
34 *added this subdivision shall take effect July 1, 2013, and shall*
35 *apply to fiscal periods commencing on or after July 1, 2013.*

36 Fifteenth—That Section 10.5 of Article XIII B thereof is
37 amended to read:

38 SEC. 10.5. (a) For fiscal years beginning on or after July 1,
39 1990, the appropriations limit of each entity of government shall
40 be the appropriations limit for the 1986–87 fiscal year adjusted

1 for the changes made from that fiscal year pursuant to this article,
2 as amended by the measure adding this section, adjusted for the
3 changes required by Section 3.

4 *(b) In the case of the State, for the two-year fiscal period*
5 *commencing on July 1, 2013, the appropriations limit shall be the*
6 *aggregate of the appropriations limits for the 2011–12 and*
7 *2012–13 fiscal years, adjusted for the changes made pursuant to*
8 *this article and adjusted for the changes required by Section 3.*

9 Sixteenth—That Section 14 is added to Article XIII B thereof,
10 to read:

11 SEC. 14. State subventions provided during a fiscal period
12 commencing on or after July 1, 2013, to an entity of local
13 government shall be applied to an appropriate fiscal year as
14 specified by statute, for purposes of determining appropriations
15 subject to limitation for that entity.

16 Seventeenth—That Section 8 of Article XVI thereof is amended
17 to read:

18 SEC. 8. (a) From all state revenues there shall first be set apart
19 the moneys to be applied by the State for support of the public
20 school system and public institutions of higher education.

21 ~~(b) Commencing with the 1990–91 fiscal year~~ *For the 2013–15*
22 *fiscal period and each subsequent two-year fiscal period, the*
23 *moneys to be applied by the State for the support of school districts*
24 *and community college districts shall be not less than the greater*
25 *of the following amounts:*

26 (1) The amount ~~which~~ *that*, as a percentage of General Fund
27 revenues ~~which~~ *that* may be appropriated pursuant to Article XIII B,
28 equals the percentage of General Fund revenues appropriated for
29 school districts and community college districts, respectively, in
30 ~~the 1986–87 fiscal year~~ *1986–87*.

31 (2) The amount required to ensure that the total allocations to
32 school districts and community college districts from General Fund
33 proceeds of taxes appropriated pursuant to Article XIII B and
34 allocated local proceeds of taxes shall not be less than the total
35 amount from these sources in the prior ~~fiscal year~~ *period*, excluding
36 any revenues allocated pursuant to subdivision (a) of Section 8.5,
37 adjusted for changes in enrollment and adjusted for the change in
38 the cost of living pursuant to paragraph (1) of subdivision (e) of
39 Section 8 of Article XIII B. This paragraph shall be operative only
40 in a ~~fiscal year~~ *period* in which the percentage growth in California

1 per capita personal income is less than or equal to the percentage
2 growth in per capita General Fund revenues plus ~~one-half~~ *one-half*
3 ~~of one~~ 1 percent. *For purposes of the 2013–15 fiscal period, “prior*
4 *fiscal period,” as used in this paragraph and paragraph (3), is*
5 *deemed to refer to, collectively, the 2011–12 and 2012–13 fiscal*
6 *years.*

7 (3) (A) The amount required to ensure that the total allocations
8 to school districts and community college districts from General
9 Fund proceeds of taxes appropriated pursuant to Article XIII B
10 and allocated local proceeds of taxes shall equal the total amount
11 from these sources in the prior ~~fiscal-year~~ *period*, excluding any
12 revenues allocated pursuant to subdivision (a) of Section 8.5,
13 adjusted for changes in enrollment and adjusted for the change in
14 per capita General Fund revenues.

15 (B) In addition, an amount equal to one-half of ~~one~~ 1 percent
16 times the prior ~~year~~ *period* total allocations to school districts and
17 community ~~colleges~~ *college districts* from General Fund proceeds
18 of taxes appropriated pursuant to Article XIII B and allocated local
19 proceeds of taxes, excluding any revenues allocated pursuant to
20 subdivision (a) of Section 8.5, adjusted for changes in enrollment.

21 (C) This paragraph (3) shall be operative only in a ~~fiscal-year~~
22 *period* in which the percentage growth in California per capita
23 personal income in a fiscal year is greater than the percentage
24 growth in per capita General Fund revenues plus ~~one-half~~ *one-half*
25 ~~of one~~ 1 percent.

26 (c) In any ~~fiscal-year~~ *period*, if the amount computed pursuant
27 to paragraph (1) of subdivision (b) exceeds the amount computed
28 pursuant to paragraph (2) of subdivision (b) by a difference that
29 exceeds ~~one and one-half~~ $1\frac{1}{2}$ percent of General Fund revenues,
30 the amount in excess of ~~one and one-half~~ $1\frac{1}{2}$ percent of General
31 Fund revenues shall not be considered allocations to school districts
32 and community ~~colleges~~ *college districts* for purposes of computing
33 the amount of state aid pursuant to paragraph (2) or ~~3~~ (3) of
34 subdivision (b) in the subsequent ~~fiscal-year~~ *period*.

35 (d) In any ~~fiscal-year~~ *period* in which school districts and
36 community college districts are allocated funding pursuant to
37 paragraph (3) of subdivision (b) or pursuant to subdivision (h),
38 they shall be entitled to a maintenance factor, equal to the
39 difference between (1) the amount of General Fund moneys ~~which~~
40 *that* would have been appropriated pursuant to paragraph (2) of

subdivision (b) if that paragraph had been operative or the amount of General Fund moneys ~~which~~ *that* would have been appropriated pursuant to subdivision (b) had subdivision (b) not been suspended, and (2) the amount of General Fund moneys actually appropriated to school districts and community college districts in that fiscal ~~year~~ *period*.

(e) The maintenance factor for school districts and community college districts determined pursuant to subdivision (d) shall be adjusted ~~annually~~ *each fiscal period* for changes in enrollment, and adjusted for the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B, until it has been allocated in full. The maintenance factor shall be allocated in a manner determined by the Legislature in each fiscal ~~year~~ *period* in which the percentage growth in per capita General Fund revenues exceeds the percentage growth in California per capita personal income. The maintenance factor shall be reduced ~~each year~~ *fiscal period* by the amount allocated by the Legislature in that fiscal ~~year~~ *period*. The minimum maintenance factor amount to be allocated in a fiscal ~~year~~ *period* shall be equal to the product of General Fund revenues from proceeds of taxes and one-half of the difference between the percentage growth in per capita General Fund revenues from proceeds of taxes and in California per capita personal income, not to exceed the total dollar amount of the maintenance factor.

(f) For purposes of this section, “changes in enrollment” shall be measured by the percentage change in average daily attendance. However, in any fiscal ~~year~~ *period*, there shall be no adjustment for decreases in enrollment between the prior fiscal ~~year~~ *period* and the current fiscal ~~year~~ *period* unless there ~~have been~~ *were also* decreases in enrollment between the second prior fiscal ~~year~~ *period* and the prior fiscal ~~year~~ *period* and between the third prior fiscal ~~year~~ *period* and the second prior fiscal ~~year~~ *period*. For purposes of this subdivision, “prior fiscal period” as applied prior to July 1, 2013, is deemed to refer to the average of the enrollments for two fiscal years, as appropriate.

(g) For purposes of Article XIII B, the Legislature shall identify, in the budget bill for the 2013–15 fiscal period and each subsequent fiscal period, the amount of the appropriations made by that budget bill that apply for the support of school districts

1 *and community college districts for each of the two fiscal years*
2 *within that fiscal period.*

3 (h) Subparagraph (B) of paragraph (3) of subdivision (b) may
4 be suspended for ~~one-year~~ *fiscal period* only when made part of
5 or included within any bill enacted pursuant to Section 12 of Article
6 IV. All other provisions of subdivision (b) may be suspended for
7 ~~one-year~~ *fiscal period* by the enactment of an urgency statute
8 pursuant to Section 8 of Article IV, provided that the urgency
9 statute may not be made part of or included within any bill enacted
10 pursuant to Section 12 of Article IV.

11 (i) *The amendments to this section made by the measure that*
12 *added this subdivision shall take effect July 1, 2013, and shall*
13 *apply to fiscal periods commencing on or after July 1, 2013.*

14 Eighteenth—That Section 8.5 of Article XVI thereof is amended
15 to read:

16 SEC. 8.5. (a) In addition to the amount required to be applied
17 for the support of school districts and community college districts
18 pursuant to Section 8, ~~the Controller shall~~ during each ~~fiscal year~~
19 *period the Controller shall* transfer and allocate all revenues
20 available pursuant to paragraph ~~1~~ *(1)* of subdivision (a) of Section
21 2 of Article XIII B to that portion of the State School Fund
22 restricted for elementary and high school purposes, and to that
23 portion of the State School Fund restricted for community college
24 purposes, respectively, in proportion to the enrollment in school
25 districts and community college districts respectively.

26 (1) With respect to funds allocated to that portion of the State
27 School Fund restricted for elementary and high school purposes,
28 no transfer or allocation of funds pursuant to this section shall be
29 required at any time that the Director of Finance and the
30 Superintendent of Public Instruction mutually determine that
31 current annual expenditures per student equal or exceed the average
32 annual expenditure per student of the 10 states with the highest
33 annual expenditures per student for elementary and high schools,
34 and that average class size equals or is less than the average class
35 size of the 10 states with the lowest class size for elementary and
36 high schools.

37 (2) With respect to funds allocated to that portion of the State
38 School Fund restricted for community college purposes, no transfer
39 or allocation of funds pursuant to this section shall be required at
40 any time that the Director of Finance and the Chancellor of the

1 California Community Colleges mutually determine that current
2 annual expenditures per student for community colleges in this
3 State equal or exceed the average annual expenditure per student
4 of the 10 states with the highest annual expenditures per student
5 for community colleges.

6 (b) Notwithstanding ~~the provisions of~~ Article XIII B, funds
7 allocated pursuant to this section ~~shall~~ do not constitute
8 appropriations subject to limitation.

9 (c) From any funds transferred to the State School Fund pursuant
10 to subdivision (a), the Controller shall, ~~each year~~ *fiscal period*,
11 allocate to each school district and community college district an
12 equal amount per enrollment in school districts from the amount
13 in that portion of the State School Fund restricted for elementary
14 and high school purposes and an equal amount per enrollment in
15 community college districts from that portion of the State School
16 Fund restricted for community college purposes.

17 (d) All revenues allocated pursuant to subdivision (a) shall be
18 expended solely for the purposes of instructional improvement
19 and accountability as required by law.

20 (e) Any school district maintaining an elementary or secondary
21 school shall develop and cause to be prepared an annual audit
22 accounting for such funds and shall adopt a School Accountability
23 Report Card for each school.

24 (f) *The amendments to this section made by the measure that*
25 *added this subdivision shall take effect July 1, 2013, and shall*
26 *apply to fiscal periods commencing on or after July 1, 2013.*

27 Nineteenth—That Section 20 of Article XVI thereof is amended
28 to read:

29 SEC. 20. (a) The Budget Stabilization Account is hereby
30 created in the General Fund.

31 (b) In each fiscal year *or fiscal period* as specified in paragraphs
32 (1) to ~~(3)~~ (4), inclusive, the Controller shall transfer from the
33 General Fund to the Budget Stabilization Account the following
34 amounts:

35 (1) No later than September 30, 2006, a sum equal to 1 percent
36 of the estimated amount of General Fund revenues for the 2006–07
37 fiscal year.

38 (2) No later than September 30, 2007, a sum equal to 2 percent
39 of the estimated amount of General Fund revenues for the 2007–08
40 fiscal year.

1 (3) No later than September 30, 2008, and annually thereafter
2 *until 2013*, a sum equal to 3 percent of the estimated amount of
3 General Fund revenues for the current fiscal year.

4 (4) *No later than September 30, 2013, and by September 30 of*
5 *each odd-numbered year thereafter, a sum equal to 3 percent of*
6 *the estimated amount of General Fund revenues for the current*
7 *fiscal period.*

8 (c) The transfer of moneys shall not be required by subdivision
9 (b) in any fiscal year *or fiscal period* to the extent that the resulting
10 balance in the account would exceed 5 percent of the General Fund
11 revenues estimate set forth in the budget bill for that fiscal year *or*
12 *fiscal period*, as enacted, or eight billion dollars (\$8,000,000,000),
13 whichever is greater. The Legislature may, by statute, direct the
14 Controller, for one or more fiscal years *or fiscal periods*, to transfer
15 into the account amounts in excess of the levels prescribed by this
16 subdivision.

17 (d) Subject to any restriction imposed by this section, funds
18 transferred to the Budget Stabilization Account shall be deemed
19 to be General Fund revenues for all purposes of this Constitution.

20 (e) The transfer of moneys from the General Fund to the Budget
21 Stabilization Account may be suspended or reduced for a fiscal
22 year *or fiscal period, as applicable*, as specified by an executive
23 order issued by the Governor no later than June 1 of the
24 *immediately preceding fiscal year or fiscal period.*

25 (f) (1) Of the moneys transferred to the account in each fiscal
26 year *or fiscal period*, 50 percent, up to the aggregate amount of
27 five billion dollars (\$5,000,000,000) for all fiscal years *and fiscal*
28 *periods*, shall be deposited in the Deficit Recovery Bond
29 Retirement Sinking Fund Subaccount, which is hereby created in
30 the account for the purpose of retiring deficit recovery bonds
31 authorized and issued as described in Section 1.3, in addition to
32 any other payments provided for by law for the purpose of retiring
33 those bonds. The moneys in the sinking fund subaccount are
34 continuously appropriated to the Treasurer to be expended for that
35 purpose in the amounts, at the times, and in the manner deemed
36 appropriate by the Treasurer. Any funds remaining in the sinking
37 fund subaccount after all of the deficit recovery bonds are retired
38 shall be transferred to the account, and may be transferred to the
39 General Fund pursuant to paragraph (2).

1 (2) All other funds transferred to the account in a fiscal year *or*
2 *fiscal period* shall not be deposited in the sinking fund subaccount
3 and may, by statute, be transferred to the General Fund.

4 Twentieth—That Section 2 of Article XIX B thereof is amended
5 to read:

6 SEC. 2. (a) For the 2003–04 fiscal year and each fiscal year
7 *or fiscal period* thereafter, *as applicable*, all revenues that are
8 collected during the fiscal year *or fiscal period* from taxes under
9 the Sales and Use Tax Law (Part 1 (commencing with Section
10 6001) of Division 2 of the Revenue and Taxation Code), or any
11 successor to that law, upon the sale, storage, use, or other
12 consumption in this State of motor vehicle fuel, as defined for
13 purposes of the Motor Vehicle Fuel License Tax Law (Part 2
14 (commencing with Section 7301) of Division 2 of the Revenue
15 and Taxation Code), shall be deposited into the Transportation
16 Investment Fund or its successor, which is hereby created in the
17 State Treasury and which is hereby declared to be a trust fund.
18 The Legislature may not change the status of the Transportation
19 Investment Fund as a trust fund.

20 (b) (1) For the 2003–04 to 2007–08 fiscal years, inclusive,
21 moneys in the Transportation Investment Fund shall be allocated,
22 upon appropriation by the Legislature, in accordance with Section
23 7104 of the Revenue and Taxation Code as that section read on
24 March 6, 2002.

25 (2) For *each of* the 2008–09, 2009–10, 2010–11, 2011–12, and
26 2012–13 ~~fiscal-year~~ years, and *for each two-year fiscal-year period*
27 thereafter, moneys in the Transportation Investment Fund shall be
28 allocated solely for the following purposes:

29 (A) Public transit and mass transportation. Moneys appropriated
30 for public transit and mass transportation shall be allocated as
31 follows: (i) Twenty-five percent pursuant to subdivision (b) of
32 Section 99312 of the Public Utilities Code, as that section read on
33 July 30, 2009; (ii) Twenty-five percent pursuant to subdivision (c)
34 of Section 99312 of the Public Utilities Code, as that section read
35 on July 30, 2009; and (iii) Fifty percent for the purposes of
36 subdivisions (a) and (b) of Section 99315 of the Public Utilities
37 Code, as that section read on July 30, 2009.

38 (B) Transportation capital improvement projects, subject to the
39 laws governing the State Transportation Improvement Program,
40 or any successor to that program.

1 (C) Street and highway maintenance, rehabilitation,
2 reconstruction, or storm damage repair conducted by cities,
3 including a city and county.

4 (D) Street and highway maintenance, rehabilitation,
5 reconstruction, or storm damage repair conducted by counties,
6 including a city and county.

7 (c) For *each of the 2008–09, 2009–10, 2010–11, 2011–12, and*
8 *2012–13 fiscal-year years*, and *for each two-year fiscal-year period*
9 thereafter, moneys in the Transportation Investment Fund are
10 hereby continuously appropriated to the Controller without regard
11 to fiscal years, which shall be allocated as follows:

12 ~~(A)~~

13 (1) Twenty percent of the moneys for the purposes set forth in
14 subparagraph (A) of paragraph (2) of subdivision (b).

15 ~~(B)~~

16 (2) Forty percent of the moneys for the purposes set forth in
17 subparagraph (B) of paragraph (2) of subdivision (b).

18 ~~(C)~~

19 (3) Twenty percent of the moneys for the purposes set forth in
20 subparagraph (C) of paragraph (2) of subdivision (b).

21 ~~(D)~~

22 (4) Twenty percent of the moneys for the purposes set forth in
23 subparagraph (D) of paragraph (2) of subdivision (b).

24 (d) The Legislature may not enact a statute that modifies the
25 percentage shares set forth in subdivision (c) until all of the
26 following have occurred:

27 (1) The California Transportation Commission has held no less
28 than four public hearings in different parts of the State to receive
29 public input about the need for public transit, mass transportation,
30 transportation capital improvement projects, and street and highway
31 maintenance.

32 (2) The California Transportation Commission has published a
33 report describing the input received at the public hearings and how
34 the modification to the statutory allocation is consistent with the
35 orderly achievement of local, regional and statewide goals for
36 public transit, mass transportation, transportation capital
37 improvements, and street and highway maintenance in a manner
38 that is consistent with local general plans, regional transportation
39 plans, and the California Transportation Plan.

1 (3) Ninety days have passed since the publication of the report
2 by the California Transportation Commission.

3 (4) The statute enacted by the Legislature pursuant to this
4 subdivision must be by a bill passed in each house of the
5 Legislature by rollcall vote entered in the journal, two-thirds of
6 the membership concurring, provided that the bill does not contain
7 any other unrelated provision and that the revenues described in
8 subdivision (a) are expended solely for the purposes set forth in
9 paragraph (2) of subdivision (b).

10 (e) (1) An amount equivalent to the total amount of revenues
11 that were not transferred from the General Fund of the State to the
12 Transportation Investment Fund, as of July 1, 2007, because of a
13 suspension of transfer of revenues pursuant to this section as it
14 read on January 1, 2006, but excluding the amount to be paid to
15 the Transportation Deferred Investment Fund pursuant to Section
16 63048.65 of the Government Code, shall be transferred from the
17 General Fund to the Transportation Investment Fund no later than
18 June 30, 2016. Until this total amount has been transferred, the
19 amount of transfer payments to be made in each fiscal year *or*
20 *fiscal period* shall not be less than one-tenth of the total amount
21 required to be transferred by June 30, 2016. The transferred
22 revenues shall be allocated solely for the purposes set forth in this
23 section as if they had been received in the absence of a suspension
24 of transfer of revenues.

25 (2) The Legislature may provide by statute for the issuance of
26 bonds by the state or local agencies, as applicable, that are secured
27 by the minimum transfer payments required by paragraph (1).
28 Proceeds from the sale of those bonds shall be allocated solely for
29 the purposes set forth in this section as if they were revenues
30 subject to allocation pursuant to paragraph (2) of subdivision (b).

31 (f) This section constitutes the sole method of allocating,
32 distributing, and using the revenues described in subdivision (a).
33 The purposes described in paragraph (2) of subdivision (b) are the
34 sole purposes for which the revenues described in subdivision (a)
35 may be used. The Legislature may not enact a statute or take any
36 other action which, permanently or temporarily, does any of the
37 following:

38 (1) Transfers, diverts, or appropriates the revenues described
39 in subdivision (a) for any other purposes than those described in
40 paragraph (2) of subdivision (b);.

(2) Authorizes the expenditures of the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b) ~~or~~.

(3) Borrows or loans the revenues described in subdivision (a), regardless of whether these revenues remain in the Transportation Investment Fund or are transferred to another fund or account such as the Public Transportation Account, a trust fund in the State Transportation Fund.

(g) For purposes of this article, “mass transportation,” “public transit” and “mass transit” have the same meanings as “public transportation.” “Public transportation” means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by ~~42 U.S.C. Section 12143 of Title 42 of the United States Code~~, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 (*commencing with Section 99200*) of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under ~~Sections~~ *Section* 99260, 99260.7, *or* 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(h) If the Legislature reduces or repeals the taxes described in subdivision (a) and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement

1 revenue shall be deposited into the Transportation Investment
2 Fund, dedicated to the purposes listed in paragraph (2) of
3 subdivision (b), and allocated pursuant to subdivision (c). All other
4 provisions of this article shall apply to any revenues adopted by
5 the Legislature to replace the moneys derived from the taxes
6 described in subdivision (a).

7 Twenty-First—That Section 4 of Article XXXV thereof is
8 amended to read:

9 SEC. 4. Funds authorized for, or made available to, the institute
10 shall be continuously appropriated without regard to fiscal year
11 *or fiscal period, shall* be available and used only for the purposes
12 provided in this article, and shall not be subject to appropriation
13 or transfer by the Legislature or the Governor for any other
14 purpose.

15 Twenty-Second—That the amendments set forth in this measure
16 shall become operative on the first Monday in December 2012
17 after the date on which this measure is approved by the voters.